

Message Text

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DRAFTED BY E:CRFRANK:NAF

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C O N F I D E N T I A L STATE 234569 TOSEC 270531

LIMDIS/FOR ROGERS AND LORD ONLY FROM FRANK

E.O. 11652: GDS

TAGS: CIEC

SUBJECT: CIEC: HEADING TOWARD THE MINISTERIAL

1. BELOW IS THE TEXT OF A MEMO THAT I HAVE WRITTEN TO ROBINSON AND ROGERS, WITH COPY TO LORD, CONCERNING CIEC AND THE DECEMBER MINISTERIAL. IN IT I ARGUE THE DESIRABILITY OF HAVING SECRETARY KISSINGER INCLUDE A REFERENCE TO CIEC IN HIS UNGA SPEECH.

2. AS YOU REQUESTED OVER THE PHONE, I AM WORKING WITH EB ON A COUPLE PAGES OF MATERIAL ON CIEC THAT YOU MIGHT INSERT INTO THE SPEECH. I DON'T WANT TO SEND IT UNTIL THURSDAY WHEN STEVE BOSWORTH RETURNS FROM PARIS AND HAS A CHANCE TO LOOK IT OVER AND MAKE HIS CONTRIBUTION.

3. BEGIN TEXT: AS WE HEAD TOWARD A CIEC MINISTERIAL IN DECEMBER, WE OUGHT TO BEGIN NOW TO PLAN CAREFULLY AND TO MAKE SOME HIGH-LEVEL POLITICAL DECISIONS REGARDING OUR CIEC
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STRATEGY.

4. WE FACE TWO CRITICAL ISSUES:

- WHAT DO WE EXPECT TO GAIN AT THE CIEC MINISTERIAL?
- WHAT FUTURE DO WE ENVISION FOR CIEC?

5. THE DECEMBER MINISTERIAL: THE PROSPECTS ARE PROBABLY AT LEAST FIFTY-FIFTY THAT THERE WILL BE A DECEMBER MINISTERIAL OF CIEC. HOW CAN WE BEST UTILIZE THIS OPPORTUNITY FOR POSITIVE RESULTS?

6. THE MINISTERIAL CAN BE USED TO REASSERT U.S. LEADERSHIP IN THE NORTH-SOUTH DIALOGUE TO FOLLOW OUR SUCCESS IN THE SEVENTH SPECIAL SESSION OF THE UNGA AND THE GOOD WILL WE CREATED BY OUR EFFORTS TO SHOW A CONSTRUCTIVE APPROACH TO PROBLEMS AT UNCTAD IV.

7. SECOND, WE CAN REDUCE THE CHANCES THAT WE MIGHT FACE AN INCREASE OF PRESSURE AND NASTY CONFRONTATION TACTICS IN OTHER FORA SUCH AS THE UNGA, ECOSOC, AND UNCTAD.

8. THIRD, WE CAN HELP CREATE AN ATMOSPHERE THAT WILL STRENGTHEN THE PRICE MODERATES WITHIN OPEC AND REDUCE PROSPECTS FOR RADICAL OPEC PRICE BEHAVIOR. A TEN PERCENT RISE IN THE PRICE OF OIL WOULD COST THE U.S. ABOUT \$3.5 BILLION PER YEAR.

9. FOURTH, WE CAN ENHANCE THE INFLUENCE AND PRESTIGE OF MORE MODERATE LDC'S WHO HAVE SUPPORTED THE DIALOGUE AND ARGUED FOR ACCOMMODATION RATHER THAN CONFRONTATION WITHIN THE RANKS OF THE G-19.

10. FIFTH, WE MIGHT ALLAY SOME OF THE SUSPICIONS THAT THE U.S. FOREIGN POLICY ESTABLISHMENT CANNOT ACT POSITIVELY SO LATE IN AN ELECTION YEAR.

11. SIXTH, WE CAN HELP PROVIDE A POLITICAL PLUS FOR GIS-CARD, WHO HAS STAKED SOME OF HIS OWN PERSONAL PRESTIGE ON THE SUCCESS OF THE DIALOGUE AND COULD SORELY USE SOME FEATHERS IN HIS CAP.

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12. FINALLY, THE CIEC MINISTERIAL MIGHT COME AT A TIME WHEN THE UNITED STATES IS PUSHING FORWARD SOME DELICATE NEGOTIATIONS IN AFRICA AND CAN ILL-AFFORD A CONFRONTATION OR IMPASSE AT CIEC WHICH IS DAMAGING TO OUR PRESTIGE AND WORLD STANDING.

13. THE SUBSTANTIVE ELEMENTS EXIST FOR A SUCCESSFUL CIEC.

EXCEPT FOR THE RAW MATERIALS COMMISSION, WE SHOULD BE ABLE TO POINT TO A FAIRLY ATTRACTIVE PACKAGE OF RESULTS IN EACH OF THE COMMISSIONS. THE MOST SERIOUS ISSUE, THE DEBT PROBLEMS OF DEVELOPING COUNTRIES, HAS A REASONABLE CHANCE OF BEING RESOLVED IN A CONSTRUCTIVE WAY NOW THAT THE EUROPEAN COMMUNITY AND THE U.S. HAVE INTRODUCED RATHER FORWARD-LOOKING PROPOSALS IN BOTH THE DEVELOPMENT AND FINANCE COMMISSIONS. THE RAW MATERIALS COMMISSION SUFFERS FROM BEING OVERSHADOWED BY UNCTAD, BUT AS LONG AS THE INDIVIDUAL MEETINGS ON COMMODITIES AND THE PREPARATORY MEETING ON THE COMMON FUND GO WELL, THERE WILL BE LITTLE EXPECTATION OR NEED FOR SUBSTANTIAL PROGRESS IN THE CIEC RAW MATERIALS COMMISSION.

14. ALTHOUGH THE SUBSTANTIVE ELEMENTS EXIST FOR A SUCCESSFUL CIEC MINISTERIAL, THERE ARE SIGNIFICANT DANGERS AND PITFALLS. A NUMBER OF COUNTRIES WITHIN THE G-19 WOULD LIKE, FOR REASONS OF THEIR OWN, TO SEE CIEC FAIL AND ARE LOOKING FOR AN EXCUSE TO SCUTTLE THE ENTERPRISE. MEXICO, FOR EXAMPLE, FEELS THAT IT HAS LITTLE TO GAIN ECONOMICALLY, INDEED MIGHT LOSE, FROM PROPOSALS ADVANCED IN CIEC AND SEES CIEC AS A MENACE TO G-77 SOLIDARITY. A FEW OPEC COUNTRIES FEEL THAT CIEC HAS GIVEN THE OIL-CONSUMING DEVELOPING COUNTRIES A FORUM FOR CRITICIZING HIGH OIL PRICES OR FOR MAKING DEMANDS FOR MORE RESOURCE TRANSFERS FROM DEVELOPING COUNTRIES.

15. IN ORDER TO HAVE A SUCCESSFUL DECEMBER MINISTERIAL, I THINK THERE ARE TWO ESSENTIAL INGREDIENTS.

16. FIRST, WE HAVE TO INDICATE TO THE G-19 THAT CIEC HAS A HIGH PRIORITY IN OUR THINKING, THAT IT GETS HIGH-LEVEL ATTENTION, AND THAT WE FULLY EXPECT TO ACHIEVE A CONCRETE

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PACKAGE OF RESULTS BY DECEMBER. ONE OF THE SUCCESSFUL ARGUMENTS WITHIN THE G-19 FOR PRECIPITATING THE JULY BREAKDOWN IN CIEC WAS THAT IT DID NOT OCCUPY THE ATTENTION OF HIGH U.S. OFFICIALS WHO WERE THE ONLY ONES WHO COULD MAKE DECISIONS OR IMPART "POLITICAL WILL" TO CIEC. THE JULY IMPASSE "WAS NECESSARY" TO BRING CIEC MORE ACUTELY TO THE ATTENTION OF THESE HIGH OFFICIALS. BEFORE DECEMBER, I THINK IT IS IMPORTANT THAT THE SECRETARY INDICATE PUBLICALLY OUR GOALS FOR CIEC THIS YEAR AND OUTLINE THE KIND OF CONCRETE RESULTS WE EXPECT TO ACHIEVE.

17. SECOND, A SUCCESS AT THE CIEC MINISTERIAL HAS TO BE SEEN BY THE G-19 AS BUT ONE STEP FORWARD IN A CONTINUING PROCESS OF ORDERLY CHANGE. WE ARE NOT GOING TO OBTAIN SUCH GREAT RESULTS AT CIEC THAT THE NORTH-SOUTH DIALOGUE

WILL COME TO A HALT. BUT THE LDC'S SHOULD RECOGNIZE THAT THEIR UNWILLINGNESS TO BE COOPERATIVE AND TO TAKE MODEST STEPS FORWARD IN CIEC IN DECEMBER COULD JEOPARDIZE THE WHOLE PROCESS OF CONSTRUCTIVE DIALOGUE.

18. BEYOND THE CIEC MINISTERIAL: THE NORTH-SOUTH DIALOGUE WILL CONTINUE, EITHER IN CIEC OR SOMEWHERE ELSE. CIEC HAS CERTAIN ADVANTAGES OVER OTHER FORA WHICH MAKE IT ATTRACTIVE TO US:

- IT AFFORDS THE ONLY PLACE FOR DISCUSSIONS OF ISSUES AND PROBLEMS AMONG PRODUCERS AND CONSUMERS OF ENERGY.
- THE LIMITED MEMBERSHIP PROVIDES A MORE PRACTICAL FORUM IN WHICH TO DISCUSS AND TEST IDEAS FOR ACTION.
- IT PROVIDES A FORUM IN WHICH THE OIL-PRODUCING NATIONS CAN BE CAJOLED OR COERCED INTO MAKING A CONTRIBUTION TO DEVELOPMENT.
- IT HAS BEEN A FACTOR IN ENCOURAGING MORE MODERATE OPEC BEHAVIOR.

19. THE TIME IS RAPIDLY APPROACHING WHEN WE SHOULD BE MAKING SOME DECISIONS ABOUT THE CONTINUATION OF THE CIEC DIALOGUE. THE CONSIDERATION OF THIS ISSUE SHOULD BE DONE IN CONJUNCTION WITH THE PLANNING FOR THE DECEMBER MINISTERIAL. A MODERATELY SUCCESSFUL CIEC MINISTERIAL WOULD BE A MINIMUM PREREQUISITE FOR ANY CONTINUATION OF THE DIALOGUE. CONVERSELY, A WILLINGNESS BY THE U.S. TO CONTINUE CONFIDENTIAL

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WITH THE DIALOGUE COULD CONTRIBUTE TO AN ATMOSPHERE OF MODERATION IN THE DECEMBER MINISTERIAL.

20. A NUMBER OF ISSUES ARISE IN CONNECTION WITH ANY CONTINUATION OF CIEC. FOR EXAMPLE:

- HOW WOULD MEMBERSHIP BE DECIDED? WOULD THE ORIGINAL TEN BE PERMANENT WITH THE ADDITIONAL SEVENTEEN ROTATING?
- SHOULD WE ATTEMPT TO INCLUDE THE SOVIET UNION OR OTHER COMMUNIST COUNTRIES?
- WOULD CHAIRMANSHIPS OF THE COMMISSIONS AND THE WHOLE CONFERENCE BE ROTATED?
- HOW WOULD THE CIEC STRUCTURE RELATE TO MORE GLOBAL INSTITUTIONS SUCH AS THE UN GENERAL ASSEMBLY, ECOSOC UNCTAD, THE IMF, GATT AND THE WORLD BANK GROUP?
- WHICH OF THE COMMISSIONS MIGHT REASONABLY CONTINUE BEYOND DECEMBER, THE ENERGY COMMISSION ALONE, THE ENERGY AND DEVELOPMENT COMMISSIONS, OR ALL FOUR COMMISSIONS?
- HOW SHOULD THE DEPARTMENT ORGANIZE FOR A CONTINUING DIALOGUE?

21. I WOULD SUGGEST THAT YOU ASK WINSTON LORD FOR AN S/P

PAPER ON CIEC BEYOND DECEMBER, ANALYZING THESE ISSUES AND OTHERS THEY DEEM RELEVANT AND SUGGESTING SOME ALTERNATIVE APPROACHES. AT THE CIEC MINISTERIAL, THE SECRETARY'S SPEECH MIGHT ADDRESS SOME OF THESE ISSUES.

22. RECOMMENDED ACTION: I WOULD SUGGEST THE FOLLOWING PLAN OF ACTION AS WE APPROACH THE DECEMBER CIEC MINISTERIAL:

- ASK EB TO UPDATE THEIR ANALYSIS OF THE PACKAGE THAT WE MIGHT PUT TOGETHER FOR THE DECEMBER MINISTERIAL INCLUDING A DRAFT COMMUNIQUE.
- INCLUDE A POSITIVE SECTION ON CIEC IN THE SECRETARY'S UNGA SPEECH AND POSSIBLY OTHER APPROPRIATE SPEECHES BEFORE DECEMBER.
- SUGGEST THAT THE SECRETARY MAINTAIN A DIALOGUE WITH PEREZ GUERRERO ABOUT CIEC ISSUES AND PROBLEMS BETWEEN NOW AND DECEMBER.
- USE THE OCTOBER XCSS MEETING TO DISCUSS WITH OTHER

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DEVELOPED COUNTRIES OUR THOUGHTS ON AN APPROACH TO THE CIEC MINISTERIAL.

- ASK S/P TO DO A PAPER ON THE FUTURE OF THE CIEC DIALOGUE.
- END TEXT. ROBINSON

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